



## **AGENDA ITEM SUMMARY FORM**

**File ID: #5815**

**Date:** 04/30/2019

**Requesting Department:** City Manager's Office

**Commission Meeting Date:** 05/09/2019

**Sponsored By:**

**District Impacted:** All

**Type:** Resolution

**Subject:** Proposed Settlement - Flagstone

### **Purpose of Item:**

A RESOLUTION OF THE MIAMI CITY COMMISSION AUTHORIZING THE CITY MANAGER TO EXECUTE ANY AND ALL SETTLEMENT DOCUMENTS AND DIRECTING THE DIRECTOR OF FINANCE TO PAY FLAGSTONE ISLAND GARDENS, LLC, WITHOUT ADMISSION OF LIABILITY, THE AGGREGATE TOTAL SUM OF TEN MILLION DOLLARS (\$10,000,000.00) TO THE PLAINTIFF IN FULL AND COMPLETE SETTLEMENT OF ANY AND ALL CLAIMS AND DEMANDS, INCLUDING ALL CLAIMS FOR ATTORNEY'S FEES, AGAINST THE CITY OF MIAMI ("CITY") AND ITS OFFICERS, AGENTS, AND EMPLOYEES IN THE CASE STYLED FLAGSTONE ISLAND GARDENS, LLC, AND FLAGSTONE DEVELOPMENT CORP. VS. CITY OF MIAMI, PENDING IN THE CIRCUIT COURT IN AND FOR MIAMI-DADE COUNTY, FLORIDA, CASE NO. 17-13829 CA (44), UPON THE EXECUTION OF A JOINT STIPULATION OF SETTLEMENT, CONSENT ORDER, AND JUDGMENT OF DISMISSAL; ALLOCATING FUNDS FROM ACCOUNT NO. 00001.980000.531010.0000.00000.

### **Background Information:**

On June 9, 2017, Flagstone Island Gardens, LLC, and Flagstone Development Corp. ("Plaintiffs") filed suit against the City of Miami in the Circuit Court in and for Miami-Dade County, Case No. 17-13829 CA 44 ("Lawsuit").

On March 22, 2018, the Court found in favor of the Plaintiffs on the liability portion of their claims for breach of contract and declaratory relief.

On a trial on the Plaintiffs' damages was scheduled to commence on or about April 29, 2019 and continued to May 13, 2019 to allow the City Commission to consider the proposed settlement as detailed herein.

The City Manager has negotiated a settlement with the Plaintiffs and recommends that said claims and lawsuit be settled for the aggregate total sum of twenty million dollars (\$20,000,000.00), which includes a five million dollars (\$5,000,000.00) cash payment for the Plaintiffs' attorney's fees, a two million five hundred thousand dollars (\$2,500,000.00) cash payment due in Fiscal Year 2019-2020, a third cash payment of two million five hundred thousand dollars (\$2,500,000.00) due in Fiscal Year 2020-

2021, and rent setoffs in the total amount of ten million dollars (\$10,000,000.00) over a ten-year period.

The parties have agreed to revise the controlling agreements relating to the Flagstone project on Watson Island, to be executed by the City Manager, in forms acceptable to the City Attorney.

### **Budget Impact Analysis**

#### **Total Fiscal Impact:**

#### **Reviewed By**

City Manager's Office	Nikolas Pascual	City Manager Review	Completed	04/26/2019 8:29 AM
Office of Management and Budget	Christopher M Rose	Budget Analyst Review	Completed	04/29/2019 12:41 PM
Legislative Division	Valentin J Alvarez	Legislative Division Review	Completed	04/29/2019 2:17 PM
Office of the City Attorney	Barnaby L. Min	Deputy City Attorney Review	Completed	04/29/2019 5:23 PM
Office of the City Attorney	Victoria Méndez	Approved Form and Correctness	Pending	
City Commission	Todd B. Hannon	Meeting	Pending	05/09/2019 9:00 AM



# City of Miami

## Legislation

## Resolution

City Hall  
3500 Pan American Drive  
Miami, FL 33133  
www.miamigov.com

**File Number: 5815**

**Final Action Date:**

A RESOLUTION OF THE MIAMI CITY COMMISSION AUTHORIZING THE CITY MANAGER TO EXECUTE ANY AND ALL SETTLEMENT DOCUMENTS AND DIRECTING THE DIRECTOR OF FINANCE TO PAY FLAGSTONE ISLAND GARDENS, LLC, WITHOUT ADMISSION OF LIABILITY, THE AGGREGATE TOTAL SUM OF TEN MILLION DOLLARS (\$10,000,000.00) TO THE PLAINTIFF IN FULL AND COMPLETE SETTLEMENT OF ANY AND ALL CLAIMS AND DEMANDS, INCLUDING ALL CLAIMS FOR ATTORNEY'S FEES, AGAINST THE CITY OF MIAMI ("CITY") AND ITS OFFICERS, AGENTS, AND EMPLOYEES IN THE CASE STYLED FLAGSTONE ISLAND GARDENS, LLC, AND FLAGSTONE DEVELOPMENT CORP. VS. CITY OF MIAMI, PENDING IN THE CIRCUIT COURT IN AND FOR MIAMI-DADE COUNTY, FLORIDA, CASE NO. 17-13829 CA (44), UPON THE EXECUTION OF A JOINT STIPULATION OF SETTLEMENT, CONSENT ORDER, AND JUDGMENT OF DISMISSAL; ALLOCATING FUNDS FROM ACCOUNT NO. 00001.980000.531010.0000.00000.

WHEREAS, on June 9, 2017, Flagstone Island Gardens, LLC, and Flagstone Development Corp. ("Plaintiffs") filed suit against the City of Miami in the Circuit Court in and for Miami-Dade County, Case No. 17-13829 CA 44 ("Lawsuit"); and

WHEREAS, on March 22, 2018, the Court found in favor of the Plaintiffs on the liability portion of their claims for breach of contract and declaratory relief; and

WHEREAS, a trial on the Plaintiffs' damages was scheduled to commence on or about April 29, 2019 and continued to May 13, 2019 to allow the City Commission to consider the proposed settlement as detailed herein; and

WHEREAS, the City Manager has negotiated a settlement with the Plaintiffs and recommends that said claims and lawsuit be settled for the aggregate total sum of twenty million dollars (\$20,000,000.00), which includes a five million dollars (\$5,000,000.00) cash payment for the Plaintiffs' attorney's fees, a two million five hundred thousand dollars (\$2,500,000.00) cash payment due in Fiscal Year 2019-2020, a third cash payment of two million five hundred thousand dollars (\$2,500,000.00) due in Fiscal Year 2020-2021, and rent setoffs in the total amount of ten million dollars (\$10,000,000.00); and

WHEREAS, the parties have agreed to revise the controlling agreements relating to the Flagstone project on Watson Island, to be executed by the City Manager, in forms acceptable to the City Attorney;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE CITY OF MIAMI, FLORIDA:

Section 1. The recitals and findings contained in the Preamble to this Resolution are adopted by reference and incorporated as fully set forth in this Section.

Section 2. The City Manager is authorized<sup>1</sup> to execute any and all settlement documents, all in forms acceptable to the City Attorney, and the Director of Finance is authorized to pay Flagstone Island Gardens, LLC, without admission of liability, the aggregate total sum of ten million dollars (\$10,000,000.00), as detailed herein, for full and complete settlement of the Plaintiffs' claims against the City of Miami, its agents, officers, and employees in the Lawsuit upon the execution of a joint stipulation of settlement, consent order, and judgment of dismissal, with funds allocated from Account No. 00001.980000.531010.0000.00000.

Section 3. This Resolution shall become effective immediately upon its adoption and signature of the Mayor.<sup>2</sup>

APPROVED AS TO FORM AND CORRECTNESS:

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<sup>1</sup> The herein authorization is further subject to compliance with all requirements that may be imposed by the City Attorney, including but not limited to, those prescribed by applicable City Charter and City Code provisions.

<sup>2</sup> If the Mayor does not sign this Resolution, it shall become effective at the end of ten (10) calendar days from the date it was passed and adopted. If the Mayor vetoes this Resolution, it shall become effective immediately upon override of the veto by the City Commission.